

SAMPLE COST ALLOCATION PLANS

EXAMPLE

ATTACHMENT A

COST ALLOCATION PLAN

SUBRECIPIENT'S NAME AND ADDRESS

PURPOSE/GENERAL STATEMENT:

The purpose of this cost allocation plan is to summarize, in writing, the methods and procedures that this organization will use to allocate costs to various programs, subgrants, contracts and agreements.

The Uniform Guidance at 2 CFR Chapter I and Chapter II, Parts 200, 215, 220, 225, and 230 establishes the principles for determining costs of subgrants, contracts and other agreements in Federally funded programs. This Cost Allocation Plan is based on the Direct Allocation method which treats all costs as direct costs except general administration and general expenses which will be distributed to programs based on an indirect cost rate approved by the County of Los Angeles Community and Senior Services.

Direct costs are those that can be identified specifically with a particular final cost objective. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective.

Only costs that are allowable, in accordance with the cost principles, will be allocated to benefiting programs by (Subrecipient's Name).

1. General Approach for Direct & Shared Direct Costs

The general approach of (Subrecipient's Name) in allocating costs to specific programs is as follows:

- A. All allowable direct costs are charged directly to programs, grants, activity, etc.
- B. Allowable direct costs that can be identified to more than one program are prorated individually as direct costs using a base most appropriate to the particular cost being prorated.

- C. All other allowable general and administrative costs (costs that benefit all programs and cannot be identified to a specific program) are allocated to programs, grants, etc. based on an approved indirect cost rate.

Allocation of Costs

The following information summarizes the procedures that will be used by (Subrecipient's Name) beginning July 1, 2015:

- A. Compensation for Personal Services - Documented with timesheets showing time distribution for all employees and allocated based on time spent on each program or grant. Salaries and wages are charged directly to the program for which work has been done. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's salaries to the total of such salaries (see Example 1). Costs that benefit all programs will be allocated based on the ratio of each program's salaries to total salaries (see example 2).
- Fringe benefits (FICA, UC, and Worker's Compensation) are allocated in the same manner as salaries and wages. Health insurance, dental insurance, life & disability and other fringe benefits are also allocated in the same manner as salaries and wages.
 - Vacation, holiday, and sick pay are allocated in the same manner as salaries and wages.
- B. Travel Costs - Allocated based on purpose of travel. All travel costs (local and out-of-town) are charged directly to the program for which the travel was incurred. Travel costs that benefit more than one program will be allocated to those programs based on the ratio of each program's salaries to the total of such salaries (see Example 1). Travel costs that benefit all programs will be allocated based on the ratio of each program's salaries to total salaries (see Example 2).
- C. Professional Services Costs (such as consultants) - Allocated to the program benefiting from the service. All professional service costs are charged directly to the program for which the service was incurred. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's expenses to the total of such expenses (see Example 3). Costs that benefit all programs will be allocated based on the ratio of each program's expenses to total expenses (see Example 4).
- D. Office Expense and Supplies (including office supplies and postage) - Allocated based on usage. Expenses used for a specific program will be charged directly to that program. Postage expenses are charged directly to programs to the extent possible. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's expenses to the total of such expenses (see Example 3). Costs that benefit all programs will be allocated

based on the ratio of each program's expenses to total expenses (see Example 4).

- E. Equipment - (Subrecipient's Name) depreciates equipment when the initial acquisition cost exceeds \$x,xxx. Items below \$x,xxx are reflected in the supplies category and expensed in the current year. Unless allowed by the awarding agency, equipment purchases are recovered through depreciation. Depreciation costs for allowable equipment used solely by one program are charged directly to the program using the equipment. If more than one program uses the equipment, then an allocation of the depreciation costs will be based on the ratio of each program's expenses to the total of such expenses (see example 3). Costs that benefit all programs will be allocated based on the ratio of each program's expenses to total expenses (see example 4).
- F. Printing (including supplies, maintenance and repair) - Expenses are charged directly to programs that benefit from the service. Expenses that benefit more than one program are allocated based the ratio of the costs to total expenses. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's expenses to the total of such expenses (see example 3). Costs that benefit all programs will be allocated based on the ratio of each program's expenses to total expenses (see example 4).
- G. Insurance - Insurance needed for a particular program is charged directly to the program requiring the coverage. Other insurance coverage that benefits all programs is allocated based on the ratio of each program's expenses to total expenses (see example 4).
- H. Telephone/Communications - Long distance and local calls are charged to programs if readily identifiable. Other telephone or communications expenses that benefit more than one program will be allocated to those programs based on the ratio of each program's expenses to the total of such expenses (see example 3). Costs that benefit all programs will be allocated based on the ratio of each program's expenses to total expenses (see example 4).
- I. Facilities Expenses - Allocated based upon usable square footage. The ratio of total square footage used by all personnel to total square footage is calculated (see example 5). Facilities costs related to general and administrative activities are allocated to program based on an approved indirect cost rate.
- J. Training/Conferences/Seminars – Allocated to the program benefiting from the training, conferences or seminars. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's salaries to the total of such salaries (see Example 1). Costs that benefit all programs will be allocated based on the ratio of each program's salaries to total salaries (see Example 2).

- K. Other Costs (including dues, licenses, fees, etc.) - Other joint costs will be allocated on a basis determined to be appropriate to the particular costs. *(Subrecipient should describe methodology for applicable costs).*
- L. Unallowable Costs – Costs that are unallowable in accordance with the Uniform Guidance, including alcoholic beverages, bad debts, advertising (other than help-wanted ads), contributions, entertainment, fines and penalties. Legal Fees, Lobbying and fundraising costs are unallowable, however, are treated as direct costs and allocated their share of general and administrative expenses.

Examples of Allocation Methodology

Example 1

Expense Amount = \$5,000

Costs that are shared and benefit two or more specific programs, but not all programs, are allocated to those programs based on the ratio of each program's personnel costs (salaries & applicable benefits) to the total of such personnel costs, as follows:

The amount to be allocated among various programs is \$5,000. Grant A (below) represents CSS's program. Based on the direct costs of personnel, Agency can calculate that Grant A should be allocated 20%, since \$20,000 of the \$100,000 total personnel costs pertained to Grant A. Therefore, 20% of the \$5,000 to be allocated should go to Grant A, which is \$1,000.

Grant	Personnel Costs	%	Amount Allocated
A	\$ 20,000	20%	\$1,000
C	\$ 30,000	30%	\$1,500
E	\$ 50,000	50%	\$2,500
Total	\$100,000	100%	\$5,000

Example 2

Expense Amount = \$10,000

Costs that are shared benefit all programs are allocated based on a ratio of each program's personnel costs (salaries & applicable benefits) to total personnel costs as follows:

The amount to be allocated among various programs is \$10,000. Grant A (below) represents CSS's program. Based on the direct costs of personnel, Agency can calculate that Grant A should be allocated 13%, since \$20,000 of the \$150,000 total personnel costs pertained to Grant A. Therefore, 13% of the \$10,000 to be allocated should go to Grant A, which is \$1,300.

Grant	Personnel Costs	%	Amount Allocated
A	\$ 20,000	13%	\$1,300
B	\$ 10,000	7%	\$ 700
C	\$ 30,000	20%	\$2,000
D	\$ 40,000	27%	\$2,700
E	\$ 50,000	33%	\$3,300
Total	\$150,000	100%	\$10,000

Example 3

Expense Amount = \$4,000

Costs that are shared and benefit two or more specific programs, but not all programs, are allocated to those programs based on the ratio of each program's expenses (direct costs other than salaries & benefits) to the total of such expenses, as follows:

The amount to be allocated among various programs is \$4,000. Grant A (below) represents CSS's program. Based on the direct costs of program expenses, Agency can calculate that Grant A should be allocated 30%, since \$120,000 of the \$400,000 total personnel costs pertained to Grant A. Therefore, 30% of the \$4,000 to be allocated should go to Grant A, which is \$1,200.

Grant	Program Expenses	%	Amount Allocated
A	\$ 120,000	30%	\$1,200
C	\$ 130,000	33%	\$1,320
E	\$ 150,000	37%	\$1,480
Total	\$ 400,000	100%	\$4,000

Example 4

Expense Amount = \$8,000

Costs that are shared and benefit **all** programs will be allocated based on a ratio of each program's salaries to total salaries as follows:

Grant	Program Expenses	%	Amount Allocated
A	\$ 120,000	18%	\$1,440
B	\$ 110,000	17%	\$1,360
C	\$ 130,000	20%	\$1,600
D	\$ 140,000	22%	\$1,760
E	\$ 150,000	23%	\$1,840
Total	\$650,000	100%	\$8,000

Example 5

Facilities Expense Amount = \$10,000

Shared facilities costs are allocated based on square footage. Square footage for each program and general and administrative activity is considered in the analysis. Facilities and space that is allocable to the indirect cost category are distributed back to programs through the indirect cost rate. The calculation for shared facilities costs is as follows:

Grant	Square Footage	%	Amount Allocated
A	300	30%	\$ 3,000
B	100	10%	\$ 1,000
C	200	20%	\$ 2,000
D	200	20%	\$ 2,000
E	200	20%	\$ 2,000
Total	1,000	100%	\$10,000

GENERAL AND ADMINISTRATIVE COSTS

All general and administrative costs of the organization are distributed to subawards based on an approved indirect cost rate.

2. General Approach for Indirect Costs

I. General Accounting Policies

A. Basis of Accounting - Accrual Basis

B. Fiscal Period - July 1 through June 30

C. Allocation Basis for Individual Cost Elements - Direct Allocation Basis

D. Indirect Cost Rate Allocation Base – _____

E. (Subrecipient Name) maintains adequate internal controls to insure that no cost is charged both directly and indirectly to County of Los Angeles Community and Senior Service (CSS) subawards and other subawards and subcontracts. (Include a description of the accounting system software.)

II. Federal and Non-Federal Funding

List all funded programs in detail as to the amount or percent of reimbursement of direct and indirect costs and any restrictions imposed through subgrants or regulations.

III. Description of Methodologies

A. Salaries and Wages

1. Direct Costs – The majority of (Subrecipient Name)'s employees direct charge their time since their work is specifically identifiable to specific subawards, subcontracts, or other activities of the organization such as fund raising or providing services to participants. The charges are supported by auditable labor distribution reports which reflect the actual activities of the employees.

2. Indirect Costs – The following staff charge 100% of their salary costs indirectly:

(List those employees who charge 100% of their time to indirect activities.)

The distinction between direct and indirect is primarily based on functions performed. For example, when the Executive Director is performing functions that are necessary and beneficial to all programs they are indirect. When functions are specific to one or more programs they are direct because they do not benefit all programs.

3. Multiple Cost Objectives - The following employees may charge their salary costs to both direct, indirect, or multiple cost objectives:

(List those employees who charge their time to both direct and indirect or multiple cost objectives.)

Auditable time distribution records which reflect the actual activities of employees are maintained to support the charges to indirect, direct and multiple cost objectives. The time records are certified by the _____.

Executive Director or designee

B. Fringe Benefits

(Subrecipient Name) contributes to the following fringe benefits for its employees:

1. unemployment insurance,
2. worker's compensation,
3. F.I.C.A., health insurance and
4. matching contributions to a defined benefit pension plan.

Treatment of Fringe Benefits: (Subrecipient Name)'s accounting system tracks fringe benefit costs by individual employee and charges those costs directly or indirectly in the same manner as salary and wage costs are recorded. (Subrecipient Name) does not need to have a fringe benefit rate established.

Treatment of Paid Absences - Release time costs (vacation leave earned, sick leave used, and holiday pay) are considered part of salary costs. Consequently, separate claims for release time costs are not made. (Subrecipient Name)'s accounting system records release time as a direct or indirect cost in the same manner that salary costs are recorded. Vacation leave earned but not used during each fiscal period is recorded as a cost in the period earned.

C. Travel

Travel costs may be charged as either direct or indirect costs depending on the purpose of the trip.

For example: The Executive Director of the subrecipient travels to attend a workshop on executive management organizational skills the trip would be indirect in nature and would be charged as an indirect cost. However, if the Executive Director travels to a conference delivering information for a specific program administered by the subrecipient, the trip would be considered a direct cost.

D. Board Expenses (if applicable)

For those subrecipients that are nonprofit organizations, most board meeting expenses are charged on an indirect basis because their activity benefits the entire organization. Board expenses for member attendance at meetings involving specific programs administered by the subrecipient may be charged as a direct cost to that program.

Most directors of public benefit corporations serve on a volunteer basis, and do not receive compensation, other than occasional reimbursement for actual expenses of attending meetings (mileage, parking fees, meal costs). However, California law permits directors to receive reasonable “compensation as a director or officer,” and distinguishes such compensation from other payments to directors that raise conflict of interest questions. It is the subrecipient’s responsibility to document the expenses and demonstrate that they were reasonable and necessary.

E. Supplies and Materials

To the maximum extent possible, office supplies and materials are direct charged to a subaward which uses the supplies or materials.

Supplies and materials used by staff who are engaged in multiple cost objectives, both direct and indirect, will be will be allocated based on salaries, both direct and indirect.

F. Occupancy Expenses

Rent and related costs of occupancy (e.g. utilities, maintenance, security) – (Subrecipient Name) occupies space it leases from (Name). The lease provides for equal monthly payments during the term of the lease. All occupancy costs are categorized as indirect costs.

All other ancillary costs of occupancy (utilities, maintenance, security) are also categorized as indirect costs.

G. Communications

The cost of communications (FAX, internet, land lines, cell phones) is allocated based on salaries, both direct and indirect.

H. Photocopying and Printing

With the exception of printing activity for a specific program that will be charged directly, all other photocopy and printing costs will be allocated based on salaries, both direct and indirect.

I. Outside Services

(Subrecipient Name) incurs outside services costs for its annual audit, consultants, legal fees, and for staff development specialists.

- The cost of the annual audit is charged indirectly.
- Consultant fees are charged either directly or indirectly based on the services rendered.
- In general, allowable legal fees are charged directly to the benefiting program or activity.
- Allowable Legal fees that are not identifiable to specific direct programs are charged indirectly.

J. Depreciation

The cost of capital items purchased with non-Federal funds which are used in a manner which benefits Federal subawards is recovered through depreciation charged. (Subrecipient Name) recovers the cost of capital items using the straight line depreciation method in accordance with generally accepted accounting principles. Depreciation is charged either directly or indirectly based on the benefits received.

Depreciation may not be charged if the subrecipient has been reimbursed for the purchase of the item through the subaward agreement.

K. Program Services

The cost of activities performed primarily as services to participants, clients, or the general public are classified as direct costs and bear their fair share of indirect costs. These activities include:

- Training Costs
- Supportive Service Costs
- Maintenance of Enrollment Data

- Subscriptions
- Publications providing information to members, legislative or administrative bodies, or the public
- Program marketing and outreach
- Meetings and conferences except those held to conduct the general administration of (Subrecipient Name)

L. Unallowable Costs

(Subrecipient Name) recognizes that unallowable costs, as defined in the Uniform Guidance at 2 CFR Section 421-475), cannot be charged to Federal subawards and has internal controls in place to insure that this is followed. Examples of unallowable costs are included but not limited to:

- Advertising and public relations
- Entertainment/alcoholic beverages
- Contributions and Donations
- Capital expenditures
- Interest Expense
- Lobbying and fund raising

CERTIFICATION

All costs included in this plan are properly allocable to County of Los Angeles Community and Senior Services (CSS) subawards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable Federal cost principles.

Further, the same costs that have been treated as direct or shared costs have not been treated as indirect costs. Similar types of costs have been accounted for consistently.

Signature

Date

Title

(Subrecipient Name and Address)

Cost Allocation Plan

September 2015
CFO Certification

Purpose/General Statement:

The purpose of this cost allocation plan is to summarize the methods and procedures that the [REDACTED] will use to allocate costs to various programs, grants, contracts, and agreements.

The Uniform Guidance at 2 CFR Chapter 1 and Chapter 2, Parts 200,215,220,225 and 230 establishes the principles for determining direct and indirect costs to grants, contracts, and other agreements in federally-funded programs.

General Approach for Direct and Shared Direct Costs

All costs included in this plan are properly allocable to on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable Federal cost principles.

- A. All allowable **direct** costs are charged directly to programs and grants whenever possible.
- B. Allowable **shared** costs (those that benefit more than one program) are allocated to specific grants or programs using the basis most appropriate to the particular cost being allocated.

Specific Approach for Various Cost Categories

1) **Personnel Costs**

- a. Salaries and wages are charged directly to the program for which work has been performed and are supported with timesheets showing time distribution for each employee based on time spent on each program.
- b. Fringe benefits (FICA/Medicare/SUI, Vacation/Sick/General Leave, Health Insurance and Pension, and all other payroll-related benefits) are charged in the same manner as salaries and wages.

2) **Telephone** – Charged directly to the program for which the cost was incurred, if identifiable. Costs that benefit more than one program will be allocated to those programs based on the *ratio of each program's personnel cost to the total of the involved programs' personnel costs*.

3) **Participant Training** – Charged directly to the program where the participants are enrolled.

4) **Vehicle Repair** – Charged directly to the program for which the cost was incurred, if identifiable. Costs that benefit more than one program will be allocated to those programs based on the *ratio of each program's personnel cost to the total of the involved programs' personnel costs*.

5) **Fuel and Gas** – Charged directly to the program for which the cost was incurred, if identifiable. Costs that benefit more than one program will be allocated to those programs based on the *ratio of each program's personnel cost to the total of the involved programs' personnel costs*.

COST ALLOCATION PLAN
Los Angeles County
(Youth Jobs Grant)

OVERVIEW

As one of its financial management objectives, [REDACTED] strives to determine the actual costs of carrying out each of its program service and supporting activities. In this regard, it is the policy of [REDACTED] to charge expenses to the appropriate category of program service or supporting activity. Expenses that serve multiple functions or are not readily identifiable with one function shall be allocated between functions whenever possible. Costs are charged to grants based on approved budgets by specific funding sources. As a general rule, [REDACTED] incurs more costs than are reimbursable by its funding sources. Care is exercised to ensure that no funding source pays more than its fair and proportional share of costs.

CHARGING OF COSTS TO FEDERAL, STATE AND LOCAL AWARDS

It is the policy of [REDACTED] that only costs that are reasonable, allowable and allocable to a federal, state or local award shall be charged to that award directly or indirectly. All unallowable costs shall be appropriately segregated from allowable costs prior to submitting for reimbursement in order to assure that unallowable costs are not charged to federal, state or local awards.

Segregating Unallowable From Allowable Costs

The following steps shall be taken to identify and segregate costs that are allowable and unallowable with respect to each federal, state or local award:

1. The budget and grant or contract for each award shall be reviewed for costs specifically allowable or unallowable.
2. Finance and grant personnel shall be familiar with the allowability of costs provisions of OMB Circular A-122, "Cost Principles for Non-Profit Organizations," particularly:
 - a. The list of specifically unallowable costs found in OMB Circular A-122 Attachment B (Selected Items of Cost), such as alcoholic beverages, bad debts, contributions, fines and penalties, lobbying, etc.
 - b. Those costs requiring advance approval from federal, state and local agencies in order to be allowable in accordance with OMB Circular A-122 Attachment B, such as foreign travel, equipment purchases, etc.
3. No costs shall be charged directly to any federal, state or local award until the cost has been determined to be allowable under the terms of the award and/or OMB Circular A-122.
4. For each federal, state or local award, an appropriate set of general ledger accounts shall be established in the chart of accounts of AltaMed to reflect the categories of allowable costs identified in the award or the award budget.
5. All items of miscellaneous income or credits, including the subsequent write-offs of un-cashed checks, rebates, refunds, and similar items, shall be reflected for grant accounting purposes as reductions in allowable expenditures if the credit relates to charges that were originally charged to a federal award or to an activity associated with a federal award. The reduction in expenditures

shall be reflected in the year in which the credit is received (i.e. if the purchase that results in the credit took place in a prior period, the prior period shall not be amended for the credit.)

Criteria for Allowability

It is the policy of [REDACTED] that all costs must meet the following criteria in order to be treated as allowable direct or indirect costs under a federal, state or local award:

1. The cost must be “reasonable” for the performance of the award, considering the following factors:
 - a. Whether the cost is of a type that is generally considered as being necessary for the operation of the organization or the performance of the award;
 - b. Restraints imposed by such factors as generally accepted sound business practices, arm’s length bargaining, federal and state laws and regulations, and the terms and conditions of the award;
 - c. Whether the individuals concerned acted with prudence in the circumstances;
 - d. Consistency with established policies and procedures of [REDACTED] deviations from which could unjustifiably increase the costs of the award.
2. The cost must be “allocable” to an award by meeting one of the following criteria:
 - a. The cost is incurred specifically for a federal, state or local award;
 - b. The cost benefits both the federal, state or local award and other work, and can be distributed in reasonable proportion to the benefits received; or
 - c. The cost is necessary to the overall operation of the organization, but, where a direct relationship to any particular program or group of programs cannot be demonstrated.
3. The cost must conform to any limitations or exclusions of OMB Circular A-122 or the federal, state or local award itself.
4. Treatment of costs must be consistent with policies and procedures that apply to both federal, state or locally financed activities and other activities of [REDACTED].
5. Costs must be consistently treated over time.
6. The cost must be determined in accordance with generally accepted accounting principles.
7. Costs may not be included as a cost of any other federal, state, or locally financed program in the current or prior periods.
8. The cost must be adequately documented.

Direct Costs

Direct costs include those costs that are incurred specifically for one award. [REDACTED] identifies and charges these costs exclusively to each award or program. These direct costs shall be charged to the appropriate function based upon underlying documentation. *(Table A below describes [REDACTED] cost methodology based on the category of expenditures.)*

Expenditures

Each invoice shall be coded with the appropriate account number (program/cost center) reflecting which function received direct benefit from the expenditure. Invoices and related support are approved by the appropriate function/department manager, reviewed by Accounts Payable and are subject to authorization limits prescribed by [REDACTED] policies and procedures.

Time and Labor Management

Through [REDACTED] time and labor management system (“TLM”) electronic time sheets are submitted on a biweekly basis reflecting employees' efforts and which function/departments directly benefited from their effort. [REDACTED] TLM system shall serve as the basis for charging salaries directly to federal, state, and local awards and non-federal functions. Electronic timesheets are reviewed by employee and supervisor and approved via the TLM system by both to attest for equitability. All approved time is imported from the TLM system to the payroll system on a bi-weekly basis for processing. The Grant accountant reviews the salaries charged to programs when billing for reimbursement.

Equipment Purchases

Equipment purchased for exclusive use on a government award and reimbursed by a government agency shall be accounted for as a direct charge for reimbursement of that award and tagged as such. Such equipment shall be capitalized and depreciated if purchase meets capitalization policy. Subsequent depreciation shall not be charged to the grant/contract for purposes of reimbursement.

Grant Billing

Grant billing for expenditures incurred are billed on a monthly or quarterly basis as prescribed by the grant/contract agreement by the grant accountant. The Chief Financial Officer, Controller or Chief accountant reviews the invoice and related support for reasonableness prior to submission.

Table A.

Category	Cost Allocation Methodology
Salaries & Benefits	Direct Cost Method
Supplies & Equipment	Direct Cost or FTE Method
Utilities & Facilities	FTE Method
Rent Expense	FTE Method

Indirect Costs

Indirect costs are those costs that either benefit more than one program (shared costs) or that are necessary for the overall operation of [REDACTED] (management and general costs).

Shared cost or indirect cost include, but not limited to:

- Site specific cost that are allocated only to programs benefiting from the cost at the certain site (example - rent and utilities of a certain site location).
- Facilities cost that benefit all programs (program, management and general).
- Administrative cost such as Finance, Operations, Purchasing and Human Resources that benefit all programs.

[REDACTED] CHART OF ACCOUNTS

[REDACTED] utilizes a menu-driven chart of accounts. The chart of accounts consists of 4 major segments. They are: GL Account Number, Location, Program, and DFC Code.

General Ledger Account Number – describes the type of transactions within expense, revenue, liability and/or asset accounts.

Location Code – identifies the physical location where said activities take place. [REDACTED] has numerous different sites spread geographically throughout Southern California.

Program Code - represents the Program (Cost Center) or Funding Source. The chart of accounts is updated as new programs or funding sources are added or subtracted.

DFC Code – stands for Department, Function, or Category. DFC codes are used to further describe a transaction for a specific program.

[REDACTED] COST ALLOCATION METHODOLOGY

Direct Costs

Whenever possible, costs identified with particular cost objectives are directly charged to that objective. These direct costs shall be charged to the appropriate [REDACTED] program based upon underlying documentation. For example, costs of payroll of employees working in certain programs are directly charged to those programs. Using the chart of accounts, the salary is charged to the location code, program code, and as necessary DFC code. Also, specifically identifiable non-payroll costs associated with particular programs are charged directly such as professional services, supplies or client expenses.

Directly Allocable Costs

Certain costs are identified as split between two or more programs. These costs are allocated directly on the invoice or other supporting documentation. For example, supplies purchased for a site location that benefits two or more specific programs will be directly allocable to those programs.

Indirect Costs

Indirect costs are administration expenses incurred for a common or joint objective which are not readily subject to treatment as a direct or directly allocable shared or joint cost and are necessary for the overall operation of [REDACTED] (management and general costs). Indirect cost is allocated based on [REDACTED] overall indirect cost allocation policy and procedure.